

REPORT

OF THE

BOARD OF MANAGERS

OF THE

Lehigh Coal and Navigation Company,

TO

THE STOCKHOLDERS.

JANUARY 11, 1841.

ALSO,

A SUPPLEMENTARY REPORT.

FEBRUARY 16, 1841.

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1841.

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AT an election held on the 11th of January, 1841,
the following named persons were chosen officers of
THE LEHIGH COAL AND NAVIGATION COMPANY for
the ensuing year : viz.

President.

Joseph Watson.

Managers.

Josiah White,
Erskine Hazard,
Timothy Abbott,
Thomas Earp,
John Cook,

John M^cAllister,
James M^cAlpin,
Nathan Trotter,
Joseph R. Jenks,
William H. Hart.

Treasurer.

Otis Ammidon.

EDWIN WALTER,
Secretary.

At the stated annual meeting of the Stockholders of *The Lehigh Coal and Navigation Company*, held January 11, 1841 :—

THOMAS P. COPE, Chairman,

A report and other documents from the Board of Managers, detailing their transactions in the past year, and exhibiting, generally, the present condition of the Company's affairs, were received and read.

The following resolutions were subsequently adopted, viz :

Resolved, That the report of the Board of Managers, and accompanying documents, be approved, and that the Managers be instructed to publish such portions thereof, in pamphlet form, as they may deem expedient for the use of the Stockholders.

Resolved, Also, that the thanks of the Stockholders are eminently due, and are hereby tendered, to the Managers, for the manner in which they have discharged their duties during the past year.

THOMAS P. COPE, *Chairman*.

EDWIN WALTER, *Secretary*.

REPORT
OF THE
BOARD OF MANAGERS
TO THE STOCKHOLDERS
OF THE
LEHIGH COAL AND NAVIGATION COMPANY.

IN the month of July last, a *History of the Lehigh Coal and Navigation Company* was published by the managers, which gave so full a view of the situation of the affairs of the Company and their future prospects, that little seems now to demand the notice of the managers, in their annual report to the stockholders, but the progress of the business of the year.*

The whole quantity of coal sent to market from the Lehigh region, in the course of the year 1840, was as follows: viz.

* Stockholders and loanholders who have not received the History can have it by applying at the office of the Company.

	Tons.
From the Lehigh Coal and Navigation Company's Mines, shipped at Mauch Chunk,	102,264
Beaver Meadow Company, shipped at Parryville, - - - - -	43,707
Hazleton Company, shipped at Penn Haven,	50,366
Sugar Loaf Company, " " " -	28,958
Buck Mountain Company, Rockport, Laurel Run,* (<i>New</i>), - - - - -	54
Tamanend Coal, Lehigh branch of Catawissa Rail Road, (<i>New</i>), - - -	27
Other coal, - - - - -	209

Total tons of coal by the Lehigh Navigation
in 1840, - - - - - 225,585

Being an increase of 3,734 tons over the shipments of 1839.

Of the coal that passed down the Lehigh Canal in 1840, there were 171,210 tons sent into the Delaware division of the Pennsylvania Canal, 30,210 tons passed into the Morris Canal, and 23,955 tons were disposed of on the line of the Lehigh Canal.

The sales of coal by our company in 1840 amounted to about 120,400 tons. The aggregate stock of coal belonging to the company, now on hand at the various depôts in tide water, is nearly 49,000 tons—*worth at cost*, about \$200,000. It will thus appear that the stock of coal on hand at the beginning of 1840, is reduced about 18,000 tons, and the sales still continue very fair. Orders for a considerable amount for the ensuing season are already received.

* This is the first boat load of coal shipped by the Buck Mountain Coal Company, whose superior iron rail road was not so far finished as to enable them to use it till just at the close of the navigation.

The tolls on the Lehigh Improvements in 1840 (exclusive of the profits from the sales of coal, &c.) amounted to \$143,335 $\frac{18}{100}$, and were derived from the following articles :

Freight carried on the Lehigh Navigation in 1840:

	ASCENDING.		DESCENDING.		TOTAL.
	Tons. Cwt.		Tons. Cwt.		Tons. Cwt.
Coal, - - - -	267	7	225,318	00	225,585 7
Grain, - - - -	848	16	1,672	04	2,521 00
Flour, - - - -	516	17	5,143	10	5,660 7
Salt, - - - -	906	11			906 11
Salt Fish, Beef and Pork, -	390	8	14	16	405 4
Other Provisions, - -	108	2	6	6	114 8
Whiskey, - - - -	38	16	245	4	284 00
Hay and Straw, - -	377	19	1	00	378 19
Lumber, - - - -	776	15	17,382	8	18,159 3
Cord Wood, - - - -	156	10	3,378	3	3,534 13
Bricks, - - - -	392	6		4	392 10
Slate, - - - -	87	6	127	00	214 6
Lime and Limestone, -	6,432	6			6,432 6
Other Stone, Sand, and Plaster, - - - -	2,273	15	126	15	2,410 10
Iron, - - - -	1,705	0	2,690	4	4,395 4
Iron Ore, - - - -	6,189	5	885	18	7,075 3
Merchandise, - - - -	3,099	11	243	1	3,342 12
Totals, - - - -	24,567	10	257,234	13	281,802 3

Of the above, the following entered the Upper Section:

	ASCENDING.		DESCENDING.		TOTAL.
	Tons. Cwt.		Tons. Cwt.		Tons. Cwt.
Coal, - - - -	173	01	82,898	18	83,071 19
Grain, - - - -	252	11			252 11
Flour, - - - -	102	7	1	00	103 7
Salt, - - - -	71	9			71 9
Salt Fish, Beef, and Pork, -	139	14			139 14
Other Provisions, - -	58	5			58 5
Whisky, - - - -	12	15			12 15
Hay and Straw, - -	215	1	1		216 1
Lumber, - - - -	254	15	12,223	16	12,478 11
Cord Wood, - - - -			24	00	24 0
Bricks, - - - -	50	16			50 16
Slate, - - - -	10	5			10 5
Lime and Limestone, -	191	6			191 6
Other Stone, Sand and Plaster, -	133	10	27	15	161 5
Iron, - - - -	325	8			325 8
Merchandise, - - - -	1,254	13	7	10	1,262 3
Totals, - - - -	3,245	16	95,183	19	98,429 15

The following shows the increase in the important articles of coal and lumber carried on the Upper Section :

	In 1838,	1839,	1840.
Coal,	16,038 tons.	41,723 do.	83,071 do.
Lumber, 1000 ft.			
b. m. to a ton,	2,389 “	9,442 “	12,478 “

It will thus be seen that the trade on this section is beginning to develope itself, and upon the completion of the Rail Road to the Susquehanna, will no doubt amply reward the stockholders for their expenditures upon it.

The work on the company's rail road, connecting their canal with the North Branch canal, has been in steady progress. The steam engines and machinery have been taken to the inclined planes, and are now being set up. The rails for the very small unfinished portion of the road, between Solomon's Gap and Wilkesbarre, will be laid as soon as practicable in the spring, and thus complete the great thoroughfare between the Delaware and Susquehanna. The improvements of the company will thus be completed. The whole amount of the expenditures on account of the rail road during the past year, 1840, is \$343,792 $\frac{15}{100}$, and on account of the Upper Section, \$67,897 $\frac{37}{100}$.

The Rail Road has already excited much attention, and will unquestionably form a feeder of great value to our Canal.

Extensive works are now being erected adjoining the Rail Road near Wilkesbarre, for the manufacture of the pig iron produced by the furnaces at Danville into bar iron, with a view to its being sent to Eastern markets by our Rail Road and Canal, which will also be the most direct route for the products of the several furnaces on the north branch.

An application has been made to the Board for the transportation of 40,000 tons of coal over the road from the Wyoming mines, the ensuing year.

The unfinished state of the five miles of the road next the Susquehanna North Branch Canal, on which distance common teams had to be used, at great inconvenience, induced the Managers to assess but a trifling rate of toll for transit to or from White Haven on the fifteen miles, or finished portion, which is three-fourths of the whole. The broken character of the line did not, however, preclude us from receiving very flattering evidence of the *tendency* of the trade to seek the route of our improvements. The whole quantity of merchandise is but small, it is true, though more than the incomplete state of the road warranted us in expecting; but the importance of the evidence furnished is derived from the large number of places in the Susquehanna Valley, most of them in counties bordering on the State of New York, to which goods have been sent, and all within a few months only, by this route.

The following is a table of the *merchandise* carried over the finished portion above mentioned, of the Lehigh and Susquehanna Rail Road from the time it was opened in July last, viz:

	<i>Dry Goods.</i>		<i>Groceries.</i>		<i>Salt, Saltpetre, and Plaster.</i>		<i>Meat and Fish.</i>		<i>Iron.</i>		<i>Total.</i>
1840.	Tons. cwt.		Tons. cwt.		Tons. cwt.		Tons. cwt.		Tons. cwt.		Tons. cwt.
July,			12								12
August,	12		32	10							44 10
September,	24	5	96	18			11	12			132 15
October,	53	12	106	6	10		24	18	37	5	232 1
November,	62	2	119	11	14		23	3	5	12	229 8
December,*	15	6	21	5	27		3	18	45	12	113 1
	167	5	388	10	51		68	11	88	9	763 15

* Canal closed by ice December 4th.

During the same period, fifteen hundred and twelve persons were also carried over the road in the cars of the two passenger lines on that route; one owned by M. Horton, and the other by C. Connor.

Messrs. Able, Wilson & Co., and A. & R. W. Packer, the proprietors of the two transportation lines running between Philadelphia and White Haven, at the head of the Lehigh Canal, have kindly furnished us with lists of the places in the valley of the North Branch of the Susquehanna to which the goods mentioned in the preceding table, and carried in their boats to White Haven, were sent by the finished portion of the rail road. The following are the places named:—

In Luzerne County.—Exeter, Falls, Forty Fort, Hanover, Huntingdon, Kingston, Lackawanna, Meshoppen, New Troy, Nanticoke, Plymouth, Shickshinny, Tunkhannock, Wyoming, Wilkesbarre, Wapwallopen.

In Bradford County.—Asylum, Mahoopeny, Rummerfield Creek, Skinner's Eddy, Towanda, Terrytown, Wysox, Wellsborough, Wyalusing.

In Susquehanna County.—Auburn, Montrose, New Milford, Springville.

Goods were also sent, by the lines above mentioned, to Penn Haven, on the Lehigh Canal, and thence, by the Beaver Meadow and Hazleton Rail Roads, and by wagons, to Berwick, Brier Creek, Mifflinsville and Orangeville, in Columbia County.

There are now in use, or ready for use, in the Lehigh lumber region, fifty-three saws, and it is expected there will be six more ready early in the spring, and one more, perhaps, by the first of June next, making in all forty-seven mills, containing sixty saws, being

an increase, within the year past, of eight mills and eleven saws.

At the last session of our Legislature, an act was passed incorporating an independent company, called, the Upper Lehigh Navigation Company, to extend the navigation of the Lehigh above Stoddartsville, at which point the improvements of our company terminate. This Company is said to consist principally of persons interested in the timber lands of that region. The object is to extend the rafting channels from ten to fifteen miles above the falls at Stoddartsville. They have nearly completed their works for taking lumber over those falls, which are believed to be the principal difficulty in the whole line they have to improve. The effects of their work, it is supposed, will be felt this year on the Lehigh navigation, by the increased quantity of lumber they will produce at its upper extremity.

Sales of lots, to a considerable extent, have continued to be made, chiefly at White Haven, during the past year, and several small water powers have also been disposed of. The basin at White Haven, connecting the Lehigh navigation with the rail road thence to the Susquehanna, has been completed, and two large store-houses are erecting by the transportation companies on lots sold them by our company, fronting on the basin, preparatory to business on the rail road.

It is with much pleasure the managers announce the complete success of the Lehigh Crane Iron Company in the operation of their furnace on the Lehigh, near Allentown. Six thousand tons of coal have been sold to the Crane Works by our Company in the past year, and double that quantity is expected to be required in the ensuing year, as they are about extend-

ing their works. Some of the pig iron made by the Crane Company, was converted into bar iron, by puddling and rolling, at the Boonton Works in New Jersey, in October last. The whole process, from the ore to the bar, being carried on with anthracite coal. The iron thus made was awarded the silver medal of the Franklin Institute, and was pronounced by judges to be of a quality fully equal to iron made with any other fuel, or by any other process. An interesting fact was discovered by this experiment, viz: that the saving *in waste of metal* by the use of anthracite coal in the process of converting pig metal into bar iron, was fully equal to the whole cost of the anthracite used at Boonton, one hundred miles from our coal mines. The consequence of this discovery will be the adaptation of all the furnaces along the Morris Canal to the use of this fuel, and the creation of an immense demand for it there, which can only be supplied through the Lehigh Canal. The importance of this to our company may be inferred from the fact that was stated by C. D. Colden, Esq., in a report made by him in 1827, that there were eighty-one forges and twelve furnaces in the iron region through which the Morris Canal passes, nearly one half of which were then going to ruin for want of fuel.

The quantity of coal which will be required for the iron business, on the line of the Lehigh and Morris Canals, in the next season, will probably not fall much short of 60,000 tons.

A very important improvement is now in progress on the Morris Canal, by which its capacity for transportation will be more than doubled, and such boats as are in ordinary use on the Lehigh and Delaware Canals, will be enabled to pass with their cargoes over the Morris Canal direct to New York. This im-

provement consists in the enlargement of the locks, and giving additional width and strength to the planes and machinery used upon them. We are informed that upwards of 1000 hands are now at work upon it, and that the necessary funds are already provided. It is expected that the Lehigh and Delaware boats will be able to pass by this route to New York in the ensuing season.

This improvement of the Morris Canal will enable the coal of the Lehigh region to be delivered in New York at a price considerably less than heretofore.

The necessity of an outlet lock at Black's Eddy will thus, so far as the interests of the Lehigh trade are concerned, be in a great measure superseded; but the change will be injurious to the Delaware division of the Pennsylvania Canal, and to the interests of Philadelphia, unless, by an enlargement of the Delaware Canal, to correspond with the Lehigh, and the construction of the outlet lock, they may continue to participate in the trade.

The Managers cannot close their report without adverting to a less pleasing topic—the omission of two dividends; but they trust, notwithstanding the great inconvenience which their fellow stockholders, in common with themselves, have sustained from a diminution of their income, they will concur with the managers in the propriety of the course adopted, when they reflect that, in addition to the requisite provision of funds for the construction of the rail road, it was necessary to provide for loans falling due in a time of unprecedented derangement, and want of confidence in the money market. At an ordinary time this loan would have been renewed without the least hesitation or difficulty, but the circumstances required that it

should be otherwise provided for, and made it necessary for the managers to husband all their resources.

But now the completion of the whole of the company's improvements is on the *eve* of being attained, which will this year give a passage for boats from the Susquehanna to the Delaware, without transshipping their cargoes; the enlargement of the Morris Canal will transfer these boats in the same manner to New York; or the Delaware division to Philadelphia; or the Delaware and Raritan Canal to New York: a free passage will thus be opened from the immense tracts of lumber, and from the three anthracite regions to both cities. Furnaces are springing up on the Susquehanna, the Lehigh, and the Morris Canals, to furnish new markets for coal, and to bring additional business to the several navigations, in the transportation of ores, coal, limestone, and iron, with agricultural and other products. New Coal Companies, with their mines opened and their rail roads made, are about claiming their share of the general market for coal. The companies already in operation are enlarging their means of supply; and the transportation for all these can now be carried on at prices which need fear no rivals.

The managers think they can now count upon 350,000 tons of coal which will pass upon the Lehigh navigation the present year, with the prospect of this amount being increased to 400,000 tons, in addition to the increase of the lumber, iron, merchandise, and other sources of toll which must naturally arise from the new order of things. Under such circumstances, the managers indulge the expectation that the time is not distant when they can safely invite the stockholders to receive, as the loanholders have always

done, their share of the profits derived from their investments.

The Report of the Dividend Committee, the Treasurer's Report, and other documents, exhibiting the state of the affairs of the Company, generally, will be submitted to the meeting, and will remain open, as usual, at all times, for inspection by the stockholders and others interested, at the Company's office.

It will be seen by the report of the Dividend Committee, that the surplus of the Company, which, after deducting the dividend in January last, was \$200,364 $\frac{0.5}{100}$, has been increased in the past year to \$258,530 $\frac{1.4}{100}$.

In conclusion, the Managers feel an honest pride in assuring the stockholders that their interests in this Company, notwithstanding the temporary depression, are not represented by objects of a chimerical character, but by property of real worth far beyond its entire cost, which will unquestionably repay their confidence.

By order of the Board of Managers.

JOSEPH WATSON, *President*.

Philadelphia, January 9, 1841.

SUPPLEMENTARY REPORT

OF THE

BOARD OF MANAGERS.

Office of the Lehigh Coal and Navigation Company, }
PHILADELPHIA, *February 16, 1841.* }

ON Sunday, the 10th ult., the day before the annual meeting of the stockholders, to which the foregoing report was submitted, an express arrived with news of the great flood, and of the serious damage done thereby to the Company's works on the Lehigh, of which the meeting was briefly informed. The greatly exaggerated rumours circulated verbally as well as through the newspapers having produced much needless alarm, the Managers thought proper to delay the publication of their annual report until the receipt of authentic information on the subject.

The Report of the Engineer, E. A. Douglas, Esq., which is made up from a most thorough and laborious examination and measurement, in company with Josiah White, the Chairman of the Executive Committee, has recently been received, and the result, omitting the details, is as follows:

For complete repair of the lower section, from Easton to Mauch Chunk, 46 miles, - - - - -	\$124,614 42
For complete repair of the upper section, from Mauch Chunk to White Haven, 26 miles, - - - - -	195,445 02
Total, - - - - -	<hr/> \$320,059 44

A considerable force is already at work on the line, under the direction of the Engineer, and it will be increased as soon as the season will admit of more extended operations, so as to drive on the repairs with the utmost rapidity. It is the opinion of the Engineer that the lower section will be repaired so that the shipments of coal may commence at Mauch Chunk in six or seven weeks from the usual time of opening the navigation, and that the upper section will also be put in complete repair by the 1st of October next, at farthest. The Managers are of opinion that all this will be accomplished, and thus the whole line from the Delaware to the Susquehanna be completed, if no unexpected difficulty occurs as to funds.

The Beaver Meadow Company, the Hazleton Company, and the Sugar Loaf Company, which, *together*, sent down our canal, last year, 123,000 tons, will be accommodated with a shipping place on the canal, opposite Mauch Chunk, the Beaver Meadow Company intending to repair their rail road so as to enable all three companies to use it to that point till the upper section is repaired. Those companies will, therefore, be ready to ship coal at Mauch Chunk as soon as our own Company, and all expect to increase their shipments this year over last season, notwithstanding their later beginning.

The entire cost of all the Company's works, including the navigation, rail road, real estate, and all the improvements thereon, is, in round numbers, \$5,500,000. The cost of repairing the damage done to the navigation by the late unprecedented flood is equal, therefore, to only about six per cent. on the cost of the whole property of the Company.

Of the reserved profits, or surplus fund of \$258,530 $\frac{14}{100}$, mentioned in the annual report, the sum of \$50,000 is invested in water rents and ground rents, and the balance in coal on hand at the several depôts on tide water. This fund will be indispensable as a commercial capital to enable the Company to carry on the coal business in the ensuing season, and to pay the quarter's interest on the first of April next. It will therefore be necessary to raise the sum needful for the repairs by a *special* loan.

By order of the Board of Managers,
JOSEPH WATSON, *President*.

